

EXHIBIT 5

**FINANCIAL OVERSIGHT AND MANAGEMENT BOARD
FOR PUERTO RICO**



José B. Carrión III
Chair

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Arthur J. González
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David A. Skeel, Jr.

Natalie A. Jaresko
Executive Director

BY ELECTRONIC MAIL

May 11, 2020

The Honorable Wanda Vázquez Garced
Governor of Puerto Rico

The Honorable Thomas Rivera Schatz
President of the Senate of Puerto Rico

The Honorable Carlos J. Méndez Núñez
Speaker of the House of Representatives of Puerto Rico

Dear Governor Vázquez Garced, President Rivera Schatz, and Speaker Méndez Núñez:

We have reviewed Act 181-2019 and are writing you pursuant to Section 204(a) of PROMESA.

Act 181-2019, among other things, provides a \$125 monthly salary increase to the members of the Bureau of the Fire Department of Puerto Rico, including civilians and officers, beginning July 1, 2020.

The Oversight Board received Act 181-2019 along with the Governor's corresponding PROMESA Section 204(a) "certification of compliance" (the "Compliance Certification") on January 23, 2020, attached hereto as Exhibit 1. The Oversight Board hereby notifies you that the Compliance Certification for Act 181 was not accompanied by the estimate required under paragraph (2)(A) of Section 204(a).

The Compliance Certification states Act 181-2019's salary increases amount to \$2,809,386.84 in annual payments. The Government proposes to fund this budget gap with a three percent tax on "fire and allied lines insurance policies (payable by the insurer)." In calculating hypothetical tax receipts based on 2017 and 2018 information, the Compliance Certification concludes "it is plausible that the new imposition provides sufficient resources to completely fund the salary increase" and only if "an internal reprogramming of budgeted resources is needed" will the Department of Public Safety "submit to the Financial Oversight and Management Board for Puerto Rico a formal request."

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The estimates of Act 181's financial impact are admittedly grounded in hypothetical facts and the Government's analysis is couched in uncertainty. Per the Compliance Certification disclosure, it is merely "plausible" the Government will be able to fund these shortfalls. As such, the Compliance Certification's estimate and conclusion are deficient.

Accordingly, the Oversight Board directs you, pursuant to Section 204(a)(4)(A), to provide a complete formal estimate by May 19, 2020 showing when the tax would commence to be collected, why you believe the annual tax collections in a sufficient amount from the first year of the increase are plausible, and the impacts on the fiscal plan if your projections are too optimistic.

Pursuant to PROMESA Section 108(a)(2), the Governor and Legislature are each enjoined from, among other things, implementing any statute or rule that impairs or defeats the purposes of PROMESA as determined by the Oversight Board. To avoid any misunderstanding, please be advised the Oversight Board has determined implementation of Act 181-2019 prior to satisfaction of all Section 204 requirements would impair and defeat the purposes of PROMESA, such as preventing implementation of new laws prior to satisfaction of the requirements of Section 204.

Should you fail to comply with this directive, the Oversight Board reserves the right to take such actions as it considers necessary, consistent with Sections 204(a)(5) and 108(a)(2), including preventing and seeking remedies for the enforcement or application of Act 181-2019.

Sincerely,



Natalie A. Jaresko

CC: Mr. Omar Marrero Díaz